

RESTORING MICHIGAN'S LIGHTHOUSES

by

**Jessica Runnels
Fiscal Analyst**

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Gary S. Olson, Director
Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536
Telephone (517) 373-2767
TDD (517) 373-0543
Internet Home Page <http://www.senate.state.mi.us/sfa/>

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INTRODUCTION

An announcement by the U.S. Coast Guard that it plans to discontinue maintenance of the lighthouses it owns on Michigan's coast led to the development of the Michigan Lighthouse Project in 1998. The Michigan Lighthouse Project is a coalition of Federal and State government agencies, State and national preservation advocacy organizations, legislators, and other interested parties. This project was established by the State Historic Preservation Office for the purposes of increasing public and governmental awareness of lighthouse issues and identifying ways to ensure the long-term preservation of Michigan's lighthouses. The Michigan Lighthouse Assistance Program (MLAP) is one source of lighthouse restoration funding. Administered through the Historical Program in the Department of State, MLAP received \$150,000 in fiscal year (FY) 1999-2000. Governor Engler also has designated \$3 million from the Clean Michigan Initiative Waterfront Redevelopment Program for lighthouse restoration. Other restoration funding sources include a fund-raising license plate program and Federal grant programs administered by the Michigan Departments of Environmental Quality and Transportation. The Department of Consumer and Industry Services and the Department of Management and Budget each provides arts and cultural grants for which museums and art displays in lighthouses may be eligible. The following overview provides a summary of lighthouse preservation issues and restoration funding sources.

BACKGROUND

Michigan has 120 lighthouses on its coast. Although many of the lighthouses are still active navigational aids and the Coast Guard maintains their light (also called an optic), advanced navigational technology renders almost all of the lighthouses obsolete. The primary value of the structures is now historical and architectural, even if they are functional.

Continued maintenance of the lighthouses is costly and beyond the scope of the Coast Guard's primary mission of maritime navigation and safety. The Coast Guard has decided to divest itself nationally of most of the lighthouses it owns, although it will continue operation of some of the optics by retaining ingress and egress rights during ownership transfer. At one point, the Coast Guard owned 77 lighthouses in Michigan. Some of these had been excised prior to the Coast Guard's recent push to divest itself of all the buildings, and 63 remain under its ownership. The Coast Guard is required to offer the lighthouses first to other Federal agencies, then to state or local units of government by a no-cost transfer, and finally to the general public by sealed bid auction. The Coast Guard has set a loose five-year time frame for completely divesting itself of the lighthouses. For Michigan, this translates into about 15 per year. Since the announcement, 11 of the Coast Guard's lighthouses have found new owners and 63 remain available. Over the past two years, only one lighthouse has been bought by a private entity by auction. Table 1 is a listing of the 11 Michigan lighthouses that the U.S. Coast Guard has recently transferred to a new owner.

Table 1

FORMER U.S. COAST GUARD LIGHTHOUSES	
Lighthouse	New Owner/Caretaker
Crisp Point Light Station	Luce County/Crisp Point Lighthouse Historical Society
Eagle Harbor Light Station	Keweenaw County/Keweenaw County Historical Society
Forty Mile Point Light Station	Presque Isle County
Granite Island Light Station	Private, through public auction
Ontonagon Light Station	Ontonagon County Historical Society, by legislative transfer
Port Sanilac Light Station	Private, to owner of attached building
Sand Point (Escanaba) Light Station	Delta County/Delta County Historical Society
Seul Choix Pointe Light Station	Michigan Department of Natural Resources/Gulliver Historical Society
St. Clair Flats South Channel Light Station	Long-term lease to Save Our South Channel Lights Association
S. Martin Island Light Station	Federal Bureau of Indian Affairs/Little Traverse Bay Band of Odawa Indians
Whitefish Point Light Station	Great Lakes Shipwreck Historical Society owns Keeper's station. Coast Guard owns tower.

Source: Michigan Department of State

As Table 1 demonstrates, many of the lighthouses are owned by a unit of government and leased or maintained by a nonprofit organization, typically a historical society. Many well established nonprofit organizations have been maintaining Michigan's lighthouses under long-term leases with governmental units. For a nonprofit organization to become the owner of a lighthouse presently held by the Federal government, either it may bid in the sealed bid auction or a special legislative transfer must be approved by both houses of Congress. In response to these arrangements, a bill has been recently introduced in the U.S. Senate (S. 2343) to make nonprofit organizations eligible entities for no-cost transfers, as governmental entities are eligible. The passage of S. 2343 would eliminate the multiple steps and allow the transfer of ownership of a lighthouse directly to a nonprofit organization in a process similar to the no-cost transfer to a governmental unit. This bill is under consideration in the Senate Committee on

Energy and Natural Resources.

The State currently owns six lighthouses: Copper Harbor Front Range Light Station, Copper Harbor Rear Range Light Station, Copper Harbor Light Station, Old Mackinac Point Light Station, Seul Choix Point Light Station, and South Fox Island Light Station. The State is in the process of acquiring several lighthouses located within State parks, including Big Sable Point Light Station, Grand Traverse Light Station, and Tawas Light Station.

OWNERSHIP TRANSFER ISSUES

The Michigan Lighthouse Project serves as a central coordinating body for information about Michigan's lighthouses. While the Project does not maintain a grant program itself, it has applications available for a variety of funding sources around the State for lighthouse restoration and work to foster and promote additional sources for preservation purposes. The Michigan Lighthouse Project cites three primary issues that create obstacles in the rapid transfer of Coast Guard lighthouses to local control: bottomlands, lack of technical knowledge, and funding.

The Coast Guard faces increased difficulties when divesting offshore and breakwater lighthouses, compared with land-based lighthouses. The State owns the lake bottomland under the lighthouses, necessitating additional negotiations when ownership of these structures is transferred. The Federal government cannot transfer ownership unless the new owner has control of the land under the structure. As owner of the bottomland, however, the State does not always want to take over a particular offshore lighthouse. The Department of Environmental Quality (DEQ) is currently developing a process for potential owners to lease the bottomland from the State, thus enabling them to own the lighthouse above.

A further complication is the challenge of finding an organization, either governmental unit or nonprofit, that has the technical knowledge to maintain a lighthouse adequately. All new owners must agree to preserve the lighthouse appropriately and retain its historic character, consistent with nationally accepted standards for the preservation of historic properties. While the no-cost transfer process makes it inexpensive for a local government to acquire a lighthouse, there are many skills necessary for restoring and preserving the structure. For example, due to the close proximity of water, there is potential for the structure to have serious problems related to dampness. Many of the lighthouses have been boarded up for years without circulating air to dry the interior. There may be profound health and safety issues that need to be addressed. Some local governments have the knowledge to handle these issues, but others do not. The level of technical knowledge is important not only for restoration purposes, but also for standard operations.

A third issue is that of funding for lighthouse restoration and maintenance. The amount of restoration work necessary for a lighthouse may range from simply applying new paint to rehabilitating the entire structure. This is especially relevant for offshore lighthouses, which have limited access and may not have received the same level of care over the years as land-based lighthouses. There are also standard operating costs to consider. Fund-raising for maintenance and restoration of a lighthouse usually comes from the surrounding community. None of the available funding sources allows the grants to be used for standard operating costs; thus, the community's own resources must be sufficient beyond restoration grants. As

described below, there are some State and Federal programs providing grants for restoration.

RESTORATION FUNDING SOURCES

There are seven different sources of funding for lighthouse restoration. Each targets a slightly different population. They also vary by the amount of funding available and the criteria that must be met for receiving a grant. A summary of the funding sources (Table 3) is included at the end of this document.

1. Michigan Lighthouse Assistance Program

The State program, MLAP, was initiated in Public Act (PA) 124 of 1999 with an appropriation of \$150,000 as a separate line item in the Department of State's Historical Program. This funding was made available through a competitive grant application process for public and nonprofit owners or lessees of Michigan's lighthouses. The Department of State views the Michigan Lighthouse Assistance Program as an ongoing program subject to annual review during the appropriation process.

Each eligible entity could be awarded up to \$20,000 of dollar-for-dollar matching funds for the planning of a restoration project or the continuation of a current restoration project. Of the \$150,000 available, \$110,000 was awarded through the application process. The remaining \$40,000 was used to contract for services with the Michigan Historic Preservation Network, a nonprofit preservation society. This arrangement was made in lieu of hiring an additional staff member to oversee the project. In the first year of the program there were 11 applications. Ten were awarded grants and the 11th did not qualify. Table 2 is a list of the successful grant applicants.

Table 2

MICHIGAN LIGHTHOUSE ASSISTANCE PROGRAM GRANTEES FY 1999-2000			
Lighthouse	Applicant	Purpose	Amount Awarded
Beaver Head	Traverse Bay Intermediate School District	Planning	\$10,000
DeTour Reef	DeTour Reef Light Preservation Society	Restoration	\$20,000
Eagle Harbor	Keweenaw County Historical Society	Restoration	\$5,000
Huron Island	Huron Island Lighthouse Preservation Assoc.	Planning	\$7,500
Old Mackinac Point	Mackinac State Historic Parks	Planning	\$20,000
Ontonagan	Ontonagon County Historical Society	Planning	\$13,500
Port Austin	Port Austin Reef Light Association	Restoration	\$14,000
Sand Point (Escanaba)	Delta County Historical Society	Restoration	\$4,000
Seul Choix Point	Gulliver Historical Society & Mueller Twp.	Restoration	\$10,000
White River	Fruitland Township	Restoration	\$6,000
Total			\$110,000

Source: Michigan Department of State

2. Specialty License Plates

Another source of funding for lighthouse restoration is a specialty license plate program. A State-sponsored fund-raising license plate for lighthouses was created by PA 73 and PA 77 of 2000. The cost of the plate includes a \$10 service fee, payment of the regular vehicle registration tax, and a \$25 fund-raising donation for lighthouse restoration. Revenues from the sale of this plate will benefit the Michigan Lighthouse Assistance Program in the Department of State, which views this potential revenue as supplemental to the core MLAP program. The collected funds will be distributed through the established grant application process. This program will become effective in March 2001. At this time, the Department has no revenue projections for the specialty license plate program.

3. Clean Michigan Initiative

On September 29, 1999, Governor Engler announced that \$3 million, from the \$30 million available for the Clean Michigan Initiative Waterfront Redevelopment Program, would be set aside for lighthouse restoration. The intention for the \$3 million is grants to local units of government for preservation of lighthouses. The Department of Environmental Quality

and the Michigan Economic Development Corporation (MEDC) were charged with creating criteria for awarding the grants. The application materials are currently available to the public, with an application deadline in the fall of 2000. These grants can be used for a variety of activities, including property acquisition, infrastructure improvements, repairs, refurbishment, and demolition of structures other than the lighthouses. Unlike MLAP, the funds available from the Clean Michigan Initiative (CMI) are not available for planning purposes.

There are a number of criteria placed on funds awarded by the CMI that narrow its eligibility and target its funds. Since the CMI was created for economic and community development purposes, the projects must focus on the expected economic impact from the lighthouse restoration. The goal of this funding is not strictly the historic preservation of lighthouses, but also improvement of the economic viability of an area. Specifying the role the lighthouse will play in an overall development plan is part of the application process.

The CMI funding is available to governmental entities and long-term lessees of Coast Guard-owned lighthouses. Nonprofit organizations can apply for a grant to restore a government-owned lighthouse with the owner's permission. The Department of Environmental Quality estimates that between 25 and 35 lighthouses may be eligible for this grant. There is a substantially greater amount of grant money available through this program, compared with MLAP. The result of this, combined with the number of eligible applicants, is the potential for a limited number of local governmental units to receive a far greater amount of funding for lighthouse restoration than under MLAP.

The funds available from the CMI Waterfront Redevelopment Program are one-time funding requiring a minimum 25% match of total project cost from the applicant, compared with the 50% total cost match required for MLAP. Grantees have two years to complete the proposed work, with the option for a one-year extension. The property also must allow public access in the form of recreational or educational activities. No other part of the Clean Michigan Initiative or the Waterfront Redevelopment Program funds is being used for the restoration of lighthouses. The CMI lighthouse program is not expected to be renewed.

4. Coastal Zone Management Program

The Land and Water Management Division of the Department of Environmental Quality administers a program awarding grants for projects along the coastal regions of Michigan. The funding is through a Federal program established in 1978. The grants are available for restoration and construction projects, planning, and educational purposes along the coast. One of the stated purposes of this funding is the preservation and restoration of historic coastal structures. Thus, lighthouse restoration is one of many possible uses for the funds. The grants are awarded through a competitive application process, so the level of funding for lighthouses varies yearly depending on the number of applications and their relative quality. Structures must be open to the public for eligibility.

Construction grants are available only to local units of government or state agencies. Those lighthouses owned by a governmental unit, but maintained by a nonprofit organization, may apply; however, the governmental unit must apply and then pass the funding on to the caretaker. Nonprofit organizations are eligible for grants for planning and educational purposes. The maximum grant available is \$50,000 and a dollar-for-dollar match is required. Grantees have one year in which to complete the projects.

A few of the light stations that have received this Federal grant include: Seul Choix, DeTour Reef, Big Sable, Sand Point (Escanaba), Beaver Head, Sturgeon Point, Presque Isle, Holland Harbor, Mission Point, and Pointe Aux Barques.

5. TEA-21: Transportation Equity Act for the 21st Century

The Michigan Department of Transportation administers the Enhancement Program, another Federal grant program. In 1998, the Transportation Equity Act for the 21st Century Enhancement grant eligibility was broadened to include historic transportation structures. Lighthouses fall within this category. Various structures and facilities are eligible for the Enhancement grant funding, and lighthouses must compete against them in the application process.

With \$20 million available in FY 1999-2000, the Enhancement program awards much larger grants than do any of the other funding sources, with the possible exception of the Clean Michigan Initiative. The average grant is between \$200,000 and \$300,000. Only state and local governmental units are eligible for the funding and applicants must contribute 20% of the total project cost. There is some funding available for planning grants, but it is not encouraged. The program would prefer for the applicant to have the planning complete and apply for funding of construction projects. There is also a focus on restoring the actual structure, as opposed to making site improvements. Although the structure must be open for public use, a grant application would be more competitive if, for example, the funding were for foundation repairs rather than construction of a visitor pathway.

This grant is made yearly, although the work does not need to be completed within a year. Successful applicants must demonstrate significant progress within two years of receiving the grant, but completion is not required at that time. The two light stations that have received this grant are South Haven (\$80,000) and Whitefish Point (\$500,000).

6. Michigan Council for Arts and Cultural Affairs

The Department of Consumer and Industry Services (CIS) maintains a grant program for which museums and art projects located within Michigan lighthouses may be eligible. Administered through the Michigan Council for Arts and Cultural Affairs (the Arts Council), this program has approximately \$21 million to distribute yearly on a competitive basis. The grants are awarded in eight different categories, including arts projects, educational activities, and capital improvements. Both the museum exhibits and the lighthouse structures could benefit from this funding. The purpose of these grants is not historic preservation. The category of capital improvements explicitly states that restoration of historic buildings is not an acceptable use of funds when the primary purpose is historic

preservation. All capital improvements must be associated with the cultural projects for eligibility.

The criteria for the grants are similar to those of the previous funding sources. Local governmental agencies and nonprofit organizations are eligible to apply. Thus, this program does not broaden the range of entities eligible for lighthouse restoration funding. There are a number of different categories for the Arts Council and each requires a matching grant from the applicant. The required match ranges from one third to one half of the total project cost, depending on the category of the grant. Additionally, at least half of the match must be cash. The maximum award varies by category, but all projects must be completed within the fiscal year. No lighthouse has received an award from this program in the past. Cities and townships are often awarded one of these grants and those funds could potentially be used on lighthouse arts and cultural projects.

7. Arts, Cultural, and Quality of Life Grants

For the past several years, the Department of Management and Budget (DMB) has received supplemental appropriations to award in the form of arts and cultural grants. The Department has developed a program entitled, "Arts, Cultural, and Quality of Life Grants". The amount of funding available each year varies with a total of \$36.1 million overall: \$10 million in 1997, \$5 million in 1998, \$10 million in 1999, and \$11.1 million in 2000 (proposed in Senate Bill 968). In the spring of 2000, the Department received \$109 million in applications for approximately \$18.3 million in available funds as a combination of carry-over funds from the previous fiscal year and anticipated supplemental appropriations in Senate Bill 968. The awards are granted on a competitive basis.

The criteria for the application and eligibility are less stringent than those for the Arts Council grants. These grants may have broader applicability for the owners of lighthouses. Historic preservation is an activity that the program has supported in the past, although none of the structures was a lighthouse. Arts projects and museums also may be eligible for other purposes. Since the program is subject to the appropriations process, the Department does not wish to make predictions on the continuation of the program or the potential level of funding available. Thus, the grants are intended only to cover one-time costs.

There is no match requirement, although priority will be given to applications that can contribute non-State funds to the proposed project. Additionally, the applicant must demonstrate community benefit resulting from completion of the project. The program has a stipulation that geographic balance is a consideration in the review process. Since lighthouses are located along the entire State shoreline and could potentially fulfill the desired geographic balance, they may enjoy a competitive advantage.

The Great Lakes Shipwreck Museum in Sault Ste. Marie received a grant of \$50,000 in 1999. The Great Lakes Shipwreck Historical Society owns the Light Keeper's residence of the Whitefish Point Light Station and has expanded the museum exhibit to include the residence. The U.S. Coast Guard continues to maintain the light tower.

CONCLUSION

New owners for the 63 lighthouses remaining under the U.S. Coast Guard's control still need to be found. There are a number of obstacles to completing this task. While no-cost transfers and the presence of grant money for restoration will facilitate the local ownership of lighthouses, some communities still will not be able to assume responsibility for the lighthouse in their area. Circumstances such as community resources, the location of a lighthouse, and access to the structure may be obstacles that must be weighed against the historical value of the lighthouse. The location and cost of restoration may be strongly prohibitive factors to maintaining a lighthouse.

There are a number of funding sources for lighthouse restoration. They vary by duration, eligible applicants, and potential impact. The common arrangement of a governmental owner and a nonprofit caretaker may become even more desirable given the funding eligibility and technical skills necessary to restore and preserve lighthouses. Through the combination of these programs, approximately 40 of Michigan's 120 lighthouses may be eligible for State or Federal grants. As the U.S. Coast Guard continues to divest itself of lighthouses and more organizations become eligible applicants, the demand for funding to restore these structures is likely to rise.

Table 3

SUMMARY OF FUNDING SOURCES							
	Michigan Lighthouse Assistance Program	Specialty License Plate	Clean Michigan Initiative	Coastal Zone Mgt.	Transportation Equity Act for the 21 st Century	Arts Council	Arts, Cultural, & Quality of Life
Department	State	State	DEQ/MEDC	DEQ	Transportation	CIS	DMB
Eligible entities	local govn't; nonprofits	supplement MLAP	local govn't; nonprofits	local govn't; nonprofits	local govn't	local govn't; nonprofits	local govn't; nonprofits
Purposes	restoration; planning	supplement MLAP	restoration	restoration; planning; education	restoration	promote arts	promote arts
Total \$ available	\$150,000	unknown	\$3 million	\$1 million	\$20 million	\$21 million	\$20 million
Max grant \$ possible	\$20,000	supplement MLAP	unlimited	\$50,000	unlimited	varies by category	unlimited
Match of total project cost	50%	supplement MLAP	25%	50%	20%	33%-50%	none
Duration of program	annual review	ongoing	1 year	ongoing	ongoing	ongoing	annual review